



United States Senator
Richard Shelby
REPORTS TO ALABAMA



PROTECTING THE RIGHTS OF SMALL BUSINESS

Throughout my tenure in Congress, I have worked to protect the interests of small business owners. Small business interests make a tremendous contribution to our annual economy, and I believe that Congress has a responsibility to create an economic environment which is conducive to the growth of all businesses, especially small ones.

One of the most common complaints that I hear from small business owners concern the enormous volume of federal regulations that dictate how these individuals can operate their companies. As a former businessman, I fully understand how costly and time-consuming these complicated directives can be. As such, I have fought to eliminate unnecessary or overly burdensome regulations. While I realize that some regulations are necessary to protect the health and safety of both employees and consumers, the cost of many of these rules is so high that any potential benefits are negated.

Even conservative estimates by the current administration show the annual cost of regulation to be \$300 billion, with many studies placing this figure closer to \$700 billion. This amounts to a regulatory pricetag of over \$6,800 per year for the average American family. The number and percentage of new rules specifically affecting small business has also increased in recent years. In 1993, the administration identified 666 agency regulations, 13.4 percent of the total number, that had a measurable impact on small business. By 1997, this figure had grown to 733 rules comprising 17 percent of the new regulations for that year. Each of these regulations amounts to a de facto tax, created by unelected bureaucrats, which increases the cost of business operations.

In light of this situation, Congress passed the Small Business Regulatory Enforcement Fairness Act in 1996 in an effort to bring some mea-

sure of relief to small business owners. This act requires federal agencies to consider the impact of regulations on small businesses and to minimize those effects whenever possible. Agencies must weigh an enterprise's ability to pay when determining civil penalties, and they must set up mechanisms for decreasing or waiving penalties for small business violations. In addition, each agency must establish a point of contact for small business compliance questions.

I have supported several measures in the current session of Congress aimed at reducing the regulatory burden on business, especially small business. Earlier this year, I introduced the Congressional Office of Regulatory Analysis Act. This legislation would establish a small, professional office within the legislative branch charged with analyzing the potential impacts of federal rules and regulations. While the executive branch has thousands of employees devoted solely to creating and enforcing regulations, Congress has few resources available for effectively overseeing those rules. This office would provide Congressional committees with the substantive information necessary to carry out its oversight obligations. In addition, Congress could use the analysis produced by the office to decide whether or not to overturn unnecessary or inefficient regulations—a power which Congress already possesses but seldom puts to use for lack of reliable information on which to base these decisions.

I recently cosponsored an amendment to the Treasury-Postal Appropriations bill which would require the Office of Management and Budget to provide Congress with a bi-annual report on the total costs and benefits of all federal regulatory efforts. This report will include an analysis of the impact of regulation on specific sectors of the economy, including small business. The

amendment will force the executive branch to acknowledge the enormous costs of regulation to various groups and the economy as a whole. State and local governments, business groups, and individual citizens can then urge the agencies to focus their resources on only those regulatory changes that demonstrate a high level of benefit to society.

Finally, I am a cosponsor of the Mandates Information Act, which has passed the House of Representatives and is expected to come before the Senate for a vote. This bill would essentially extend the Unfunded Mandates Reform Act of 1995 to the private sector. Any proposed legislation with an annual impact on the private sector of \$100 million or more would be subject to an additional vote on the Senate floor. While the Mandates Information Act would not eliminate all unfunded mandates on the private sector, it would force Congress to consider a bill's effects on consumers, workers, and small businesses before voting. Debates over such topics as health insurance and labor policy would also include information of the real world effects of the proposals—helping to ensure that Congress is not legislating in a vacuum.

Each of these initiatives represents a positive step toward reducing the regulatory burden under which we currently labor. I recognize the unique and important position that small business holds in Alabama and our nation, and I will continue working to ensure a prosperous environment for those enterprises. Eliminating needless regulations and easing compliance requirements will benefit all businesses and will, ultimately, spur economic growth. These regulatory reform efforts demonstrate how this Republican-led Congress is working to not only assist small business, but to encourage greater economic growth and prosperity throughout our nation.



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